

STATE BUILDING AUTHORITY

A meeting of the State Building Authority (SBA) Board of Trustees was held at Macomb Community College, University Center 1, Room 125, 44575 Garfield Road, Clinton Township, Michigan at 2:00 p.m. on Monday, April 28, 2008.

Board Members Present:

Dawn Batts
Ehrlich Crain
Patrick Devlin

Board Members Absent:

John Clark
Marty Mercer

Authority Staff:

Debbie Roberts, Executive Director
Debbie Sanchez, Secretary
Carol Schulz, Financial Specialist
TeAnn Smith, Financial Analyst

Others Present:

Wayne Workman (R.W. Baird & Co.)
Kester So (Dickinson Wright)
Barbara Brown (Attorney General's Office)
Robert Stevens (Macomb Community College)

Chairperson Devlin called the meeting to order at 2:00 p.m., with introductions. Ms. Roberts introduced Barbara Brown from the Attorney General's Office to the Board and indicated she will be working with the State Building Authority along with Alan Lambert. Ms. Brown informed the Board that she had previously worked with the Authority and has had a 4-year break away from the Attorney General's Office. During that time she was a District Judge and an Administrative Law Judge. She rejoined the Attorney General's Office in January of this year and looks forward to working with the Authority again. Mr. Devlin also noted that Ms. Brown was responsible for the 50th anniversary celebration of the Mackinaw Bridge.

Ms. Roberts informed the Board of the Capital Outlay bill currently before the legislature in which every college and university has a project. Also included in the bill are Department of Natural Resources and airport projects. This bill is not

tied-in with the budget but it is on a deadline to meet Federal guidelines in order to obtain Federal money for the airports. The matching funds for the SBA projects look different due to the scope of projects. The Authority staff will monitor proposed construction projects due to the bond cap and will work together with the House Fiscal and Senate Fiscal Agencies.

Ms. Roberts noted that John Clark had a work commitment and Marty Mercer had a settlement conference she had to attend.

The minutes of the January 28, 2008 meeting were reviewed, and Ms. Batts moved that the minutes be accepted as written. Mr. Crain supported the motion, which passed unanimously.

Ms. Roberts reviewed the agenda, which includes a review of the commercial paper program, a market update, discussion of SBA Board Policy and Procedures, approval of several resolutions for projects and approval of a license agreement.

Ms. Schulz reported that the commercial paper outstanding now includes three new projects, Schoolcraft College Technical Services Facility, West Shore Communication College New Student Learning Center and Western Michigan University Brown Hall. Commercial paper outstanding at this time is \$153.7 million for 18 projects. The issue date was February 21, 2008 with an interest rate of 2.25% and a maturity date of May 22, 2008.

Mr. Workman provided a market update and reported that things have seemed to stabilize with tax-exempt rates. In early March the Strategic Fund had tried to sell a deal which was postponed because there were no buyers. With the sub-prime mortgage crisis, irrational fear gripped the Investors. US Treasury bills went from 5% to 1.25%. The state recently sold \$240 million in GO Bonds and it went well. The market is getting better but there are still problems and we are not out of the woods yet. There are deep seated problems in the economy.

Moving to the next item on the agenda, SBA Board Policy and Procedures, Ms. Batts would like clarification of the Board members role in the RFP process and is unsure what role the Board members should play. With two Board members absent, Ms. Batts indicated this is a topic we can discuss at the next meeting. Ms. Batts asked that a list of current advisors and their contract terms be sent out to the Board members. She also asked that during the RFP process, when the short list is determined, the Board members be notified. Ms. Roberts stated that no RFP's are out at this time because of the market and we will revisit the Board's role in the future when all members are present.

Ms. Batts inquired about the IRS Audit and Ms. Roberts informed the Board that Miller Canfield had another conversation with the auditor. Mr. Crain asked if this affects any new issues and Ms. Roberts indicated no, this is a normal audit of the 2003-II issue and the primary issue is private use of facilities.

Moving to the new business portion of the agenda, Mr. Devlin indicated that Mr. So will explain each of the resolutions and they will each need to be voted on separately.

Mr. So explained the first resolution for consideration is regarding the Group E Special Maintenance projects. This is an amendment to a resolution the Board first approved in July of 2007. Costs have been adjusted and the Van Wagoner AHU Replacement is being pulled from the list of projects. The Van Wagoner Building project will be considered in the next resolution, Group F. Ms. Roberts explained that due to the number of maintenance projects in this particular building, we will take title to the building. It was moved by Ms. Batts, seconded by Mr. Crain that that the Board approve the Resolution of the State Building Authority Approving the First Amendment to Completion Assurance Agreement and the Form of Lease for the Department of Management and Budget State Facility Preservation Projects-Phases I and II Group E Special Maintenance Projects. All were in favor and the resolution passed unanimously.

Mr. So explained the next resolution is for the Van Wagoner Building that was mentioned during his explanation of the first resolution. It was moved by Mr. Crain, seconded by Ms. Batts, that the Board approve the Resolution of the State Building Authority Approving a Construction Agreement, Conveyance of Property, a Lease and an Easement Agreement, if Necessary, for the Department of Management and Budget State Facility Preservation Projects-Phases I and II Group F Van Wagoner Building. All were in favor and the resolution passed unanimously.

Mr. So explained the next resolution on the agenda is for the Group G of the Special Maintenance Projects. The resolution is in the same form as previously adopted and is ready for the Board's consideration. It was moved by Ms. Batts, seconded by Mr. Crain, that the Board approve the Resolution of the State Building Authority Approving a Completion Assurance Agreement and a Lease for the Department of Management and Budget State Facility Preservation Projects-Phases I and II Group G Special Maintenance Projects. All were in favor and the resolution passed unanimously.

The next resolution on the agenda is for the Department of Corrections, Egeler Correctional facility for fire safety improvements. This is a stand alone project due to the amount of improvements involved. It was moved by Ms. Batts, seconded by Mr. Crain, that the Board approve the Resolution of the State Building Authority Approving a Construction Agreement, Conveyance of Property, a Lease and an Easement Agreement, if Necessary, for the Department of Corrections Egeler Correctional Facility Fire Safety Improvements. All were in favor and the resolution passed unanimously.

Ms. Roberts explained that the last resolution on the agenda allows AKT access to the property at Schoolcraft County Minimum Security Camp (Camp Manistique) to do environmental testing on the property for a study they are performing for Schoolcraft County on the adjacent property. This resolution allows the environmental study to be completed. The State will receive a copy of this report. The question was asked if this could impact the state if we would want to sell our property in the future and the Board was informed that the state sells property “as is” if there are environmental issues – cleanup is the responsibility of the purchaser. Mr. Crain would like to know what comes back on this report. It was moved by Mr. Crain, seconded by Ms. Batts, that the Board approve the Resolution of the State Building Authority Approving License Agreement for Schoolcraft County Minimum Security Camp (Manistique). All were in favor and the resolution passed unanimously.

Ms. Roberts noted that the next meeting of the Board is scheduled for July 28 and will be held in Lansing. The meeting will most likely be held at Lansing Community College due to construction that is taking place in the Cass Building.

Mr. Crain moved to adjourn the meeting and it was seconded by Ms. Batts. All were in favor and the meeting adjourned at 2:30 p.m.

APPROVED AND ADOPTED:

Deborah M. Roberts, Executive Director

Patrick J. Devlin, Vice-Chairperson